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AGENDA FOR CHILDREN, INC.

**FINANCIAL STATEMENTS AND
AUDITOR'S REPORT**

June 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-31-07

AGENDA FOR CHILDREN, INC.

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Justin J. Scanlan, C.P.A.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Agenda for Children, Inc.

I have audited the accompanying statement of financial position of Agenda for Children, Inc. (a non-profit corporation) as of June 30, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Agenda for Children, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the corporation's 2005 financial statements and, in my report dated July 17, 2006. I expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Agenda for Children, Inc. as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated December 15, 2006 on my consideration of Agenda for Children, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

My audit was made for the purpose of forming an opinion on the basic financial statements of Agenda for Children, Inc. taken as a whole. The supplemental financial information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is required by the U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Justin J. Scanlan, CPA

New Orleans, Louisiana
December 15, 2006

AGENDA FOR CHILDREN, INC.
STATEMENT OF FINANCIAL POSITION

June 30, 2006

ASSETS

		TOTAL MEMORANANDUM ONLY June 30, 2005
Cash	\$ 168,150	\$ 100,506
Receivables		
Grants (Note A4 and B)	493,845	479,159
Other	2,284	1,759
Property and equipment-at cost (Note A5)		
Office Equipment	24,708	24,708
Less accumulated depreciation	<u>< 22,051 ></u>	<u>< 19,155 ></u>
	<u>2,657</u>	<u>5,553</u>
Deposits	<u>75</u>	<u>75</u>
Total assets	<u>\$ 667,011</u>	<u>\$ 587,052</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued liabilities	<u>\$ 83,465</u>	<u>\$ 60,365</u>
Total liabilities	83,465	60,365
Commitment (Note C)	-	-
Net assets		
Unrestricted	310,970	109,268
Temporarily restricted (Note E)	<u>272,576</u>	<u>426,795</u>
Total net assets	<u>583,546</u>	<u>536,063</u>
Total liabilities and net assets	<u>\$ 667,011</u>	<u>\$ 596,428</u>

The accompanying notes are an integral part of this financial statement.

AGENDA FOR CHILDREN, INC.

STATEMENT OF ACTIVITIES

For the year ended June 30, 2006

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>TOTAL MEMORANDUM ONLY June 30, 2005</u>
REVENUES				
Grant appropriations	\$ -	\$ 1,482,853	\$ 1,482,853	\$ 2,147,508
Fees	17,605	-	17,605	55,388
Contributions	206,553	-	206,553	80,785
Interest income	6	-	6	6
Other	3,344	-	3,344	6,363
Net assets released from restrictions	<u>1,499,199</u>	<u>< 1,499,199 ></u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>1,726,707</u>	<u>< 16,346 ></u>	<u>1,710,361</u>	<u>2,290,050</u>
EXPENSES				
Salaries	677,351	-	677,351	914,969
Fringe benefits	142,169	-	142,169	165,679
Travel	33,911	-	33,911	43,122
Supplies	49,507	-	49,507	68,481
Occupancy	65,426	-	65,426	66,542
Printing and publications	10,269	-	10,269	66,227
Professional services	558,159	-	558,159	686,528
Postage	11,033	-	11,033	22,935
Telephone	33,599	-	33,599	18,731
Insurance	9,184	-	9,184	13,855
Equipment expense	36,075	-	36,075	39,428
Other	<u>58,052</u>	<u>-</u>	<u>58,052</u>	<u>161,696</u>
TOTAL EXPENSES	<u>1,684,735</u>	<u>-</u>	<u>1,684,735</u>	<u>2,268,193</u>
 Increase <decrease> in net assets	 41,972	 < 16,346 >	 25,626	 21,857
Net assets, beginning of year	<u>268,998</u>	<u>288,922</u>	<u>557,920</u>	<u>536,063</u>
Net assets, end of year	<u>\$ 310,970</u>	<u>\$ 272,576</u>	<u>\$ 583,546</u>	<u>\$ 557,920</u>

The accompanying notes are an integral part of this financial statement.

AGENDA FOR CHILDREN, INC.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2006

**TOTAL
MEMORANDUM
ONLY**

**For the year ended
June 30, 2005**

Increase <decrease> in cash and cash equivalents

Cash flows from operating activities:

Increase in net assets	\$ 25,626	\$ 21,857
Adjustments to reconcile increase in net assets to net cash provided by <used in> operating activities:		
Depreciation	2,896	2,896
Changes in assets and liabilities:		
Increase in grants receivables	< 14,686>	< 24,147>
Increase in other receivables	< 525>	< 1,759>
Increase <decrease> in accounts payable and accrued liabilities	<u>54,333</u>	<u>< 31,233></u>
	<u>67,644</u>	<u>< 32,386></u>
Net cash provided by <used in> operating activities	67,644	< 32,386>
Net increase <decrease> in cash and cash equivalents		
Cash and cash equivalents, beginning of year	<u>100,506</u>	<u>132,892</u>
Cash and cash equivalents, end of year	<u>\$ 168,150</u>	<u>\$ 100,506</u>

The accompanying notes are an integral part of this financial statement.

AGENDA FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

Agenda for Children, Inc. is a non-profit corporation organized to provide an informed, consistent and intentional voice on behalf of Louisiana's children. Agency for Children, Inc. helps families find and choose child care, offers training and technical assistance for child care providers, and provides child abuse prevention education in the southeastern Louisiana area.

2. Presentation of Financial Statements

The corporation's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations". Accordingly, the net assets of the corporation are reported in each of the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. There were no permanently restricted assets.

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

3. Revenue Recognition

For financial reporting, the corporation recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity "as net assets released from restrictions".

Grant revenue is earned in accordance with approved contracts.

4. Receivables

The corporation considers accounts receivable to be fully collectible since the balance consists principally of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

AGENDA FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Property, Furniture and Equipment

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line-method. Depreciation expense for the year ended June 30, 2006 totaled \$2,896.

It is the policy of the corporation to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$5,000.

6. Cash Equivalents

For purposes of the statement of cash flows, the corporation considers all demand deposits to be cash equivalents.

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. Fair Values of Financial Instruments

Cash and cash equivalents, and temporary investments carrying amounts reported in the statement of financial position approximate fair value because of the short maturities of those instruments.

9. Memorandum Only - Total Columns

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B - GRANTS RECEIVABLE

Grants receivable at June 30, 2006 consist of the following:

U. S. Department of Education	\$ 88,845
State of Louisiana - Office of Public Health	49,576
State of Louisiana - Office of Family Support	339,174
University of South Florida	16,250
	<u>\$ 493,845</u>

AGENDA FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2006

NOTE C – COMMITMENT

The corporation leases its administrative facility and program offices under an operating lease expiring December, 2006. The rental expense for the year ended June 30, 2006 totaled \$2,640.

Future minimum lease payments are as follows:

Year ending June 30,

2007	<u>\$ 12,000</u>
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NOTE D – RETIREMENT PLAN

Effective January, 1995, Agency for Children, Inc. adopted a 403(b)(7) plan, which is a retirement savings program available to non-profit organizations that allows employees to defer a portion of their compensation. No employer contributions are made to the plan on behalf of the employees; however, Agenda for Children, Inc. employees have the option of refusing health insurance and having their premiums invested in the Plan.

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2006, the temporarily restricted net assets consists of the following:

Institute of Mental Hygiene	\$ 23,803
Kids Count	51,941
Covering Kids Initiative	61,500
Ford Foundation	100,000
Local Learning Partners	<u>35,332</u>
	<u>\$ 272,576</u>

NOTE F - INCOME TAXES

The corporation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE G - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE H – CONCENTRATION OF CREDIT RISK

As of June 20, 2006, the unsecured cash balances consist of the following:

Cash balances, per bank statement	\$ 310,559
Less FDIC insurance	<u>< 100,000 ></u>
Unsecured balance	<u>\$ 210,559</u>

AGENDA FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2006

NOTE I – ECONOMIC DEPENDENCY

The Corporation received the majority of its revenue from funds provided through grants administered by the federal government and the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the corporation receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of the corporation's financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the corporation will receive in the next fiscal year.

The corporation is supported primarily through government grants. Approximately 48% of the corporation's support for the year ended June 30, 2006 came from government grants.

SUPPLEMENTAL INFORMATION

AGENDA FOR CHILDREN, INC.

COMBINED STATEMENT OF ACTIVITIES

For the year ended June 30, 2006

	GENERAL	INSTITUTE OF MENTAL HYGIENE PYRAMID TRAINING	INSTITUTE OF MENTAL HYGIENE TA GRANT	INSTITUTE OF MENTAL HYGIENE CORE SUPPORT GRANT
REVENUES				
Grant appropriations	\$ 129,756	\$ 44,500	\$ 23,803	\$ -
Fees	17,605	-	-	-
Contributions	196,553	-	-	-
Other	3,350	-	-	-
Total revenues	<u>347,264</u>	<u>44,500</u>	<u>23,803</u>	<u>-</u>
EXPENSES				
Salaries	49,357	45,250	-	10,988
Fringe benefits	9,518	4,269	-	1,646
Travel	4,401	-	-	-
Supplies	6,811	-	-	-
Occupancy	8,292	-	-	12
Printing and publications	1,651	-	-	-
Professional services	106,619	-	-	-
Postage	8,513	-	-	-
Telephone	3,894	-	-	-
Insurance	3,447	-	-	-
Equipment expense	8,300	-	-	4
Other	10,911	-	-	-
Total expenses	<u>221,714</u>	<u>49,519</u>	<u>-</u>	<u>12,650</u>
Increase <decrease> in net assets	125,550	< 5,019>	-	< 12,650>
Transfers to/from general	< 111,289>	5,019	-	< 256>
Net assets, beginning of year	<u>296,709</u>	<u>-</u>	<u>-</u>	<u>12,906</u>
Net assets, end of year	<u>\$ 310,970</u>	<u>\$ -</u>	<u>\$ 23,803</u>	<u>\$ -</u>

AGENDA FOR CHILDREN, INC.

COMBINED STATEMENT OF ACTIVITIES - CONTINUED

For the year ended June 30, 2006

	<u>U.S. DEPARTMENT OF EDUCATION COMMUNITY PARENT RESOURCE CENTER</u>	<u>STATE OF LOUISIANA OFFICE OF PUBLIC HEALTH SAFE KIDS COALITION</u>	<u>STATE OF LOUISIANA OFFICE OF COMMUNITY SERVICES CHILDREN'S TRUST FUND</u>
REVENUES			
Grant appropriations	\$ 94,248	\$ 49,576	\$ 1,332
Fees	-	-	-
Contributions	-	-	-
Other	-	-	-
Total revenues	<u>94,248</u>	<u>49,576</u>	<u>1,332</u>
EXPENSES			
Salaries	57,146	37,500	-
Fringe benefits	20,480	7,456	-
Travel	3,475	1,808	-
Supplies	2,629	-	1,106
Occupancy	3,726	-	-
Printing and publications	83	-	-
Professional services	1,960	1,220	353
Postage	212	16	-
Telephone	3,078	-	-
Insurance	-	-	-
Equipment expense	-	-	-
Other	1,459	-	-
Total expenses	<u>94,248</u>	<u>48,000</u>	<u>1,459</u>
Increase <decrease> in net assets	-	1,576	< 127>
Transfers to/from general	-	< 1,576>	127
Net assets, beginning of year	-	-	-
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AGENDA FOR CHILDREN, INC.

COMBINED STATEMENT OF ACTIVITIES - CONTINUED

For the year ended June 30, 2006

	THE ANNIE E. CASEY FOUNDATION TARGETING INVESTMENT PLAN	THE ANNIE E. CASEY FOUNDATION KIDS COUNT	STATE OF LOUISIANA OFFICE OF FAMILY SUPPORT CHILD CARE RESOURCE REFERRAL SERVICES	COVERING KIDS INITIATIVE
REVENUES				
Grant appropriations	\$ 64,390	\$ 75,000	\$ 133,169	\$ 179,702
Fees	-	-	-	-
Contributions	10,000	-	-	-
Other	-	-	-	-
Total revenues	<u>74,390</u>	<u>75,000</u>	<u>133,169</u>	<u>179,702</u>
EXPENSES				
Salaries	1,125	34,319	91,328	57,043
Fringe benefits	104	7,333	17,673	9,966
Travel	2,740	833	1,231	6,741
Supplies	8,478	461	1,471	1,362
Occupancy	15,516	3,192	7,018	4,754
Printing and publications	-	-	34	101
Professional services	170,423	2,199	4,619	159,128
Postage	107	118	231	575
Telephone	7,272	1,193	3,057	1,654
Insurance	-	374	973	748
Equipment expense	9,786	1,129	3,364	1,580
Other	<u>16,328</u>	<u>110</u>	<u>515</u>	<u>1,685</u>
Total expenses	<u>231,879</u>	<u>51,261</u>	<u>131,514</u>	<u>245,337</u>
Increase <decrease> in net assets	< 157,489 >	23,739	1,655	< 65,635 >
Transfers to/from general	118,986	-	< 1,655 >	-
Net assets, beginning of year	<u>38,503</u>	<u>28,202</u>	<u>-</u>	<u>127,135</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 51,941</u>	<u>\$ -</u>	<u>\$ 61,500</u>

AGENDA FOR CHILDREN, INC.

COMBINED STATEMENT OF ACTIVITIES - CONTINUED

For the year ended June 30, 2006

	STATE OF LOUISIANA OFFICE OF FAMILY SUPPORT LASIG	FORD FOUNDATION	THE ANNIE E CASEY FOUNDATION LOCAL LEARNING PARTNERS	STATE OF LOUISIANA OFFICE OF FAMILY SUPPORT CHILD CARE TECHNICAL ASSISTANCE PROGRAM
REVENUES				
Grant appropriations	\$ -	\$ 100,000	\$ -	\$ 109,164
Fees	-	-	-	-
Contributions	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>109,164</u>
EXPENSES				
Salaries	1,563	-	-	84,073
Fringe benefits	145	-	-	18,811
Travel	-	-	637	3,005
Supplies	357	-	-	6,057
Occupancy	-	-	-	7,272
Printing and publications	-	-	-	1,503
Professional services	326	-	18,419	4,166
Postage	37	-	-	143
Telephone	463	-	77	3,162
Insurance	-	-	-	1,347
Equipment expense	-	-	-	3,292
Other	400	-	-	185
Total expenses	<u>3,291</u>	<u>-</u>	<u>19,133</u>	<u>133,016</u>
Increase <decrease> in net assets	< 3,291 >	100,000	< 19,133 >	< 23,852 >
Transfers to/from general	3,291	-	-	23,852
Net assets, beginning of year	-	-	54,465	-
Net assets, end of year	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 35,332</u>	<u>\$ -</u>

AGENDA FOR CHILDREN, INC.

COMBINED STATEMENT OF ACTIVITIES - CONTINUED

For the year ended June 30, 2006

	STATE OF LOUISIANA OFFICE OF FAMILY SUPPORT <u>PUBLIC AWARENESS</u>	STATE OF LOUISIANA OFFICE OF FAMILY SUPPORT <u>PARENTAL EDUCATION PROJECT</u>	STATE OF LOUISIANA OFFICE OF FAMILY SUPPORT <u>POSITIVE STEPS</u>	STATE OF LOUISIANA OFFICE OF FAMILY SUPPORT <u>INCLUSION</u>
REVENUES				
Grant appropriations	\$ 44,772	\$ 87,294	\$ 167,775	\$ 87,681
Fees	-	-	-	-
Contributions	-	-	-	-
Other	-	-	-	-
Total revenues	<u>44,772</u>	<u>87,294</u>	<u>167,775</u>	<u>87,681</u>
EXPENSES				
Salaries	26,204	41,264	60,107	29,631
Fringe benefits	6,114	11,438	12,247	7,984
Travel	56	728	2,240	4,910
Supplies	605	2,512	4,045	12,564
Occupancy	2,010	4,057	6,453	1,591
Printing and publications	1,080	1,037	3,218	1,562
Professional services	10,493	16,664	30,726	26,734
Postage	82	214	248	128
Telephone	1,129	1,948	3,389	1,025
Insurance	-	574	1,347	374
Equipment expense	1,088	2,195	3,072	1,299
Other	-	-	3,152	797
Total expenses	<u>48,861</u>	<u>82,631</u>	<u>130,244</u>	<u>88,599</u>
Increase <decrease> in net assets	< 4,089>	4,663	37,531	< 918>
Transfers to/from general	4,089	< 4,663>	< 37,531>	918
Net assets, beginning of year	-	-	-	-
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AGENDA FOR CHILDREN, INC.

COMBINED STATEMENT OF ACTIVITIES - CONTINUED

For the year ended June 30, 2006

	UNIVERSITY OF SOUTH FLORIDA PYRAMID PROGRAM	STATE OF LOUISIANA OFFICE OF FAMILY SUPPORT PRE-CHILD CARE ASSISTANCE PROGRAM	TOTAL
REVENUES			
Grant appropriations	\$ 45,224	\$ 45,467	\$ 1,482,853
Fees	-	-	17,605
Contributions	-	-	206,553
Other	-	-	3,350
Total revenues	<u>45,224</u>	<u>45,467</u>	<u>1,710,361</u>
EXPENSES			
Salaries	35,500	14,953	677,351
Fringe benefits	3,155	3,830	142,169
Travel	821	285	33,911
Supplies	439	610	49,507
Occupancy	-	1,533	65,426
Printing and publications	-	-	10,269
Professional services	3,824	286	558,159
Postage	302	107	11,033
Telephone	1,360	898	33,599
Insurance	-	-	9,184
Equipment expense	53	913	36,075
Other	-	22,510	58,052
Total expenses	<u>45,454</u>	<u>45,925</u>	<u>1,684,735</u>
Increase <decrease> in net assets	< 230 >	< 458 >	25,626
Transfers to/from general	230	458	-
Net assets, beginning of year	-	-	557,920
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 583,546</u>

AGENDA FOR CHILDREN, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2006

<u>PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
U. S. DEPARTMENT OF EDUCATION		
Community Parents Resource Centers	84.328C	\$ 94,248
Passed through the University of South Florida: Center on Evidence – Based Practices: Young Children with Challenging Behavior	84.324Z	<u>45,224</u>
TOTAL DEPARTMENT OF EDUCATION		<u>139,472</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through State of Louisiana - Department of Social Service - Office of Family Support:		
Child Care Resource and Referral Service	93.575	133,169
Positive Steps	93.575	130,244
Family Child Day Care Homes	93.575	45,467
Inclusion	93.575	87,681
Pre-Child Care Assistance Program	93.558	109,164
Public Awareness	93.558	44,772
Parental Education Project	93.558	87,294
Passed through State of Louisiana - Department of Health and Hospitals - Office of Public Health:		
Safe Kids Coalition	93.994	<u>49,576</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>687,367</u>
TOTAL FEDERAL AWARDS		<u>\$ 826,839</u>

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Presentation of Financial Statements

The accompanying Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. Federal direct programs are identified by Federal Agency. Federal pass-through funds are presented by the entity through which the organization received the federal financial assistance.

Justin J. Scanlan, C.P.A.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Agenda for Children, Inc.

I have audited the financial statements of Agenda for Children, Inc. as of and for the year ended June 30, 2006, and have issued my report thereon dated December 15, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Agenda for Children, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Agenda for Children, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance and other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, the Louisiana Legislative Auditor, federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Justin J. Scanlan, CPA

New Orleans, Louisiana
December 15, 2006

Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT
4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Agenda for Children, Inc.

Compliance

I have audited the compliance of Agenda for Children, Inc. with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended June 30, 2006. Agenda for Children, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Agenda for Children, Inc.'s management. My responsibility is to express an opinion on Agenda for Children, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of the States, Local Governments, Non-Profit Organizations." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Agenda for Children, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Agenda for Children, Inc.'s compliance with those requirements.

In my opinion, Agenda for Children, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Agenda for Children, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Agenda for Children, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, the Louisiana Legislative Auditor, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Justin J. Scanlan, CPA

New Orleans, Louisiana
December 15, 2006

AGENDA FOR CHILDREN, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2006

A. SUMMARY OF THE AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Agenda for Children, Inc.
2. The statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether such conditions were material weaknesses is not applicable.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of the auditee.
4. The statement that reportable conditions in internal control over major programs were disclosed by the audit and whether such conditions were material weaknesses is not applicable.
5. The auditor's report on compliance for the major federal award programs for Agenda for Children, Inc. expresses an unqualified opinion on all major federal programs.
6. The audit disclosed no findings which are required to be reported under Section 501(a) of OMB Circular A-133.
7. The programs tested as major programs included:
 - U. S. Department of Health and Human Services
 - Passed through State of Louisiana – Department of Social Services –
 - Office of Family Support:
 - Child Care Resource and Referral Service (CFDA #93.575)
 - Positive Steps (CFDA #93.575)
 - Family Child Day Care Homes (CFDA #93.575)
 - Inclusion (CFDA #93.575)
 - Pre-Child Care Assistance Program (CFDA #93.558)
 - Public Awareness (CFDA #93.558)
 - Parental Education Project (CFDA #93.558)
8. The threshold for distinguishing Type A and Type B programs was \$300,000. To satisfy the 50% testing rule, a type B program was classified as type A.
9. Agenda for Children, Inc. did not qualify as a low-risk auditee.

AGENDA FOR CHILDREN, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended June 30, 2006

B. FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements for the year ended June 30, 2006.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

There were no items identified in the course of my testing during the current year required to be reported.

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

<u>Compliance</u>	<u>Resolved</u>	<u>Unresolved</u>
2005-1 Audit Requirements	X	